

INFORMATIONAL TESTIMONY REGARDING HB 739
**PSC Review of Municipal Utility Applications to Acquire Facilities that Generate,
Transmit or Distribute Electricity to Customers**

Mike Lee
Rate Design Bureau Chief, Montana PSC staff
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Contact: Chairman Greg Jergeson 406 444 6166

Mr. Chairman and Members of the Committee,

The Public Service Commission has no position on HB 739, but offers these few observations on the bill:

1. On page 2, Section 3, subsection (2)(e), the PSC observes that a municipal utility must assume a proportionate share of all potential costs being incurred by the existing public utility including qualifying facility-related and renewable resource standard-related costs. The phrase "potential costs being incurred" is ambiguous. It is not clear what the intent is in terms of the portion of costs related to qualifying facility and renewable resource standards that are to be assumed by municipal utilities. For example, it is unclear if the renewable resource standard costs include a portion of Judith Gap costs or future costs. It is also unclear if the qualifying facility costs will include competitive transition charges.

2. On page 2, Section 3, subsection (2)(d), a municipal utility must show that it has made provisions for an adequate and reliable supply of electricity at prices and on terms and conditions that are more favorable than those provided by the existing public utility. However, on pages 2 and 3, Section 4, the findings the PSC is required to make to approve an application do not address terms and conditions. The Committee might consider making Sections 3 and 4 consistent with regard to terms and conditions. Additionally, the phrase "terms and conditions" is ambiguous. The PSC is not sure whether the phrase refers to terms and conditions of service in, for example, a public utility's retail service tariffs, or whether the intent is for municipal utilities to show they use resource planning and acquisition objectives and methods similar to those used by the public utility, or both.

Thank you for the opportunity to comment.